

Message Text

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AMEMBASSY PARIS
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C O N F I D E N T I A L SECTION 1 OF 2 USNATO 2330

E.O. 11652: GDS
TAGS: MARR NATO
SUBJECT: MEETING OF CENTRAL EUROPE PIPELINE POLICY COMMITTEE (CEPPC)
AT DEPUTY PERM REP LEVEL, 19 APRIL 1977

REFS: (A) AC/120-D/933 (REVISED); (B) USNATO 2159,
141508Z APR 77

SUMMARY: THE CEPPC MET AT THE LEVEL OF DEPUTY PERMANENT REPRESENTATIVES TO CONSIDER THE RESIDUAL FINANCIAL PROBLEMS OF THE CENTRAL EUROPE PIPELINE SYSTEM (CEPS) WHICH HAVE RESISTED RESOLUTION AT TECHNICAL LEVEL. THE FRENCH REP INTRODUCED THE EXTRANEIOUS PROBLEM OF THE CHANGE IN POSITION OF THEIR PRINCIPAL CENTRAL EUROPE OPERATING AGENCY (CEOA) EMPLOYEE (BAYLAC), AND INDICATED THAT RESOLUTION WOULD CONTRIBUTE TO THEIR ABILITY TO ADDRESS THE OTHER PROBLEMS. IN AN ATTEMPT TO DISCUSS THE PROBLEM OF AUDITS IN FRANCE, THE FRENCH REP TO THE CEPPC (GENTILHOMME) ENGAGED IN CONFIDENTIAL

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DILATORY TACTICS TO THE OBJIOUS EMBARRASSMENT OF THE FRENCH DEPUTY PERM REP. SOME PROGRESS WAS MADE, HOWEVER, ON THE AUDITING PROBLEM, AND DEPUTY PERM REPS WILL CONTINUE THEIR DISCUSSIONS AT THE NEXT MEETING ON 23 MAY 1977. IN THE MEANTIME, THE BAYLAC AND AUDITING PROBLEMS WILL BE DISCUSSED BILATERALLY AS NECESSARY, AND DELEGATIONS HAVE BEEN REQUESTED TO SUBMIT ANY SUGGESTIONS FOR MODIFICATION OF THE GENERAL COMPROMISE PROPOSAL.
END SUMMARY.

1. CHAIRMAN BUWALDA (NETHERLANDS DCM) OPENED THE MEETING OF DEPUTY PERMANENT REPRESENTATIVES BY EXPLAINING THE HISTOR OF THE SEVERAL FINANCIAL PROBLEMS, OUTLINED IN REF A, WHICH HAD LED TO A DEGRADATION OF THE WORK OF THE POLICY COMMITTEES OF THE CEPS. MOST RECENTLY, THE COMMITTEES HAD BEEN UNABLE TO AGREE ON ANSWERS TO THE COUNCIL CONCERNING THE SPECIAL REPORT BY THE BOARD OF AUDITORS ON AUDITING PROBLEMS IN FRANCE, AND ON SPECIAL PAYMENTS MADE TO THE FRENCH OPERATING COMPANY, TRAPIL. HE BELIEVED THAT A POLITICAL PACKAGE SOLUTION SHOULD NOW BE POSSIBLE TO RESOLVE THESE OLD FINANCIAL PROBLEMS AND TO ALLOW THE COMMITTEES TO RESUME THEIR USEFUL TECHNICAL WORK. THE PROPOSAL FOR RESOLUTION IN ANNEX II, REF A, HAD BEEN MADE BY THE CEPPC CHAIRMAN (HOFMAN) ON HIS OWN RESPONSIBILITY, AND THEREFORE REPRESENTED NEITHER THE OPINIONS OF COMMITTEE MEMBERS NOR OF THE NETHERLANDS DELEGATION.

2. DE LA FERRIERE (FRANCE) AGREED WITH THE CHAIRMAN THAT THE TIME HAD COME FOR A POLITICAL RESOLUTION OF THESE PROBLEMS WHICH HAD RESISTED SOLUTION AT TECHNICAL LEVEL, AND INDICATED THAT MOST OF THE PROBLEMS APPEARED TO HIS AUTHORITIES TO BE MANAGEABLE ONCE CERTAIN AGGRAVATIONS WERE REMOVED. IN PARTICULAR, HE POINTED TO THE "APPARENT ATTEMPT WITHIN THE CEPS TO DEPRIVE FRANCE OF THEIR ONE MANAGEMENT-LEVEL POSITION IN THE ORGANIZATION" CONFIDENTIAL

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(BAYLAC). HE SUGGESTED, THEREFORE, THAT THE DEPUTY PERM REPS SHOULD FIRST EXAMINE THAT PROBLEM. BUWALDA AGREED TO LISTEN TO THE FRENCH POSITION, BUT RESERVED THE RIGHT TO HOLD THE MEETING TO AGENDA ITEMS IF NECESSARY. DE LA FERRIERE THEN INDICATED THAT, WHEREAS FRANCE WAS NOT OVERLY CONCERNED FOR THE INDIVIDUAL INVOLVED, HIS AUTHORITIES WERE CONCERNED OVER ANY ATTEMPT TO DEPRIVE FRANCE OF THE SECOND HIGHEST MANAGERIAL POST IN VIEW OF THE IMPORTANT FRENCH CONTRIBUTION TO THE CEPS.

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3. HOFMAN EXPLAINED THAT THE ACTION CONCERNING BAYLAC HAD BEEN TAKEN UNANIMOUSLY (SUBJECT TO FRENCH RESERVATION) ON THE RECOMMENDATION OF THE GENERAL MANAGER NOT TO CONTINUE BAYLAC IN HIS EARLIER POSITION. HUMANITARIAN ATTEMPTS TO EXTEND HIS CONTRACT FOR ONE OR TWO YEARS WERE DIFFICULT IN VIEW OF NATO PERSONNEL REGULATIONS, BUT HAD BEEN RESOLVED TO THE SATISFACTION OF REPRESENTATIVES OF ALL COUNTRIES EXCEPT FRANCE. BUWALDA SUGGESTED THAT THE PROBLEM WAS FAR TOO COMPLICATED TO RESOLVE AT THE CURRENT MEETING, AND SHOULD BE DISCUSSED BY REPRESENTATIVES PRIOR TO THE NEXT MEETING IN AN EFFORT TO SATISFY THE PARTIES CONCERNED. HE NOTED THAT NOTHING WOULD HAPPEN WITHOUT A UNANIMOUS DECISION. LOVELAND (US REP) NOTED THAT AS THINGS CURRENTLY STOOD, BAYLAC HAD NO CONTRACT BEYOND 5 JULY 77, ALTHOUGH THE CEPPC (LESS FRANCE) WAS IN AGREEMENT TO OFFER HIM A ONE-YEAR EXTENDABLE CONTRACT STARTING ON 6 JULY. IT APPEARED, THEREFORE, THAT UNLESS FRANCE COULD AGREE TO THE CONFIDENTIAL

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NEW CONTRACT, BAYLAC WOULD TERMINATE HIS NATO EMPLOYMENT ON 5 JULY. BUWALDA AGREED TO HAVE THIS MATTER INVESTIGATED SO THAT DECISIONS COULD BE TAKEN IN TIME TO PREVENT ANY INADVERTENT IRREVERSIBLE ACTION.

4. BUWALDA THEN CALLED FOR ANY NATIONAL COMMENTS ON THE PAPER AT HAND (REF A). THE CANADIAN REP (BACON) STATED THAT HE FOUND THE PAPER WELL-DRAWN IN PROVIDING BACKGROUND ON THE PROBLEMS TO BE RESOLVED. HE WAS SATISFIED THAT THE PROPOSED COMPROMISE WAS BASED ON EQUITY IN SUGGESTING THAT THE COSTS INFLICTED BY THE VARIOUS HOST COUNTRIES IN EITHER TAXATION OR ADDITIONAL PERSONNEL OR SECURITY MEASURES WOULD FALL PRINCIPALLY ON THOSE NATIONS. THUS, AN ATTEMPT HAD BEEN MADE TO PLACE THE BURDEN ON THE NATIONS WHICH EITHER CAUSED OR BENEFITTED FROM THE ADDITIONAL COSTS. HE WAS THEREFORE READY TO DISCUSS THE PAPER WITH HIS COLLEAGUES. NO OTHER REPS HAD COMMENTS ON THE PAPER.

5. BUWALDA THEN POINTED TO THE PROBLEMS WHICH WERE OUTLINED IN PARA 18 OF THE COVER NOTE (REF A) AND SUGGESTED THAT DEPUTY PERM REPS MIGHT WISH TO DISCUSS THEM BEFORE ADDRESSING THE PROPOSED COMPROMISE. HE NOTED, HOWEVER, THAT ADDITIONAL TIME MIGHT BE REQUIRED BY CERTAIN MEMBERS TO

BRING THEMSELVES FULLY UP TO DATE ON THESE PROBLEMS AND SUGGESTED DELAY OF SUBSTANTIVE DISCUSSIONS UNTIL THE NEXT MEETING. HOLMER (UK) SUGGESTED THAT ADDITIONAL DISCUSSION MIGHT BE USEFUL IN CASE CERTAIN OF THE POINTS COULD BE DISPOSED OF QUICKLY. IN PARTICULAR, THE PROBLEM OF AUDITING IN FRANCE APPEARED TO BE AN EASY ONE NOW THAT FRANCE HAD AGREED TO THE AUGGESTIONS IN EF A.

6. DE LA FERRIERE INDICATED THAT HE BELIEVED THE AUDITING PROBLEMS TO BE RESOLVED ON THEBASIS OF THEPROPOSALS AND DID NOT BELIEVE THAT HIS AUTHORITIES WOULD HAVE ANY DIFFICULTIES IN AGREEING. FOR DETAILS, HOWEVER, HE CALLED ON THE FRENCH CEPPC REP (GENTILHOMME), WHO GAVE HIS USUAL CONFIDENTIAL

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PERFORMANCE IN FIRST CLAIMING NOT TO HAVE THE DOCUMENT, THEN WHEN HE FOUND IT, CLAIMING THAT IT HAD ARRIVED LATE, THEN ATTACKING THE TRANSLATION TO FRENCH AND ASKING HOW THE COMMITTEE COULD EXPECT THE FRENCH AUTHORITIES TO WORK UNDER SUCH CONDITIONS. DE LA FERRIERE, OBVIOUSLY EMBARRASSED BY THE PERFORMANCE, INTERRUPTED GENTILHOMME AND SAID THAT THE FRENCH-SPEAKING MEMBERS WOULD ASSEMBLE BEFORE THE NEXT MEETING AND ARRANGE THE TRANSLATION TO CONCORD WITH MEETING AND ARRANGE THE TRANSLATION TO CONCORD WITH THE ORIGINAL IN ENGLISH IN THE HOPE OF NOTIFYING THE COMMITTEE OF FRENCH APPROVAL OF THE SUGGESTIO AS AMENDED BY THE NATO BOARD OF AUDITORS.

7. IN VIEW OF THIS PARTIAL SUCCESS ON THE AUDITING PROBLEM AND OF THE OBVIOUS NEED FOR DE LA FERRIERE TO MASTER THE REMAINING PROBLEMS ON A POLITICAL LEVEL, BUWALDA SUGGESTED, AND HOLMER AGREED , TO POSTPONE FURTHER DISCUSSIONS TO THE NEXT MEETING OF DEPUTY PERM REPS ON 23 MAY. HE SUGGESTED THAT, IN THE MEANTIME, THE FRENCH TRANSLATION PROBLEM SHOULD BE RESOLVED AND THAT MORE DETAILS SHOULD BE AVAILABLE CONCERNING THE BAYLAC CASE. IN ADDITION, HE REQUESTED THAT DELEGATIONS WISHING TO COMMENT ON THE GENERAL COMPROMISE PROPOSAL SHOULD DO SO IN WRITING BEFORE THE NEXT MEETING. WE INTEND TO SUBMIT THE COMMUNE CONTAINED IN PARA 3, REF B.PEREZ

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